

Idaho Energy Tax Deductions

Are there any energy tax breaks in Idaho?

Idahoans can reduce their tax bills when they install insulation or alternative energy systems in their homes.

How does it work?

You can claim a tax deduction from your taxable income for the total cost of insulation, thermal or storm doors and windows, and caulking and weatherstripping for your principal residence.

It gets even better!

You can deduct your costs for the installation of alternative energy devices serving your place of residence. Devices include any system or mechanism or series of mechanisms using solar, wind, or geothermal. Under limited circumstances, an alternative energy device also includes either a natural gas heating unit, propane heating unit, or a wood or pellet burning stove (see back).

What does Idaho law exclude?

You can't claim the cost of a built-in fireplace unless it is equipped with a metal heat exchanger that delivers heated air to a substantial portion of your home and has control doors and a regulated draft. Nor can you claim an air-to-air heat pump.

Where do I find out more?

Write or call the Idaho State Tax Commission at 1-800-972-7660. When calling from Boise call 334-7660. For hearing impaired callers phone (TDD) 1-800-377-3529.

Who's telling me all this?

Your Idaho Energy Office! And we can tell you more about energy conservation and alternative energy sources. Write or call us: Idaho Department of Water Resources Energy Division, 322 East Front, PO Box 83720, Boise, ID 83720-0098, or call us at 1-800-334-SAVE (287-4800 if calling from Boise).



Energy Division

2004**IDAHO SUPPLEMENTAL SCHEDULE****For Form 40, Resident Returns Only****FORM 39R**
TC39R041
8-30-04

For calendar year 2004, or fiscal year beginning ending

Name(s)

FORM 39R INSTRUCTIONS**Complete Form 39R if you are filing a Form 40. If you are filing a Form 43, complete 39NR.****A. A****PART B. SUBTRACTIONS****1. LINE 4 INSULATION OF AN IDAHO RESIDENCE**

2. To qualify for this deduction, your Idaho home must have existed, been under construction, or had a building permit issued on or before January 1, 1976. The insulation must be in addition to any existing insulation and may not be a replacement.

3. Insulation means any material commonly used in the building industry and installed to retard the passage of heat into or out of a building, such as fiberglass, rock wool, weather stripping, double-pane windows, storm doors and storm windows.

4. Insulated siding does not qualify unless the cost of the siding and the insulating material is separately stated, in which case the cost of the insulating material alone qualifies. The amount charged for labor to install the insulation is also deductible.

5. State income tax refund if included in federal income

6. Interest from U.S. Government obligations

7. Insulation of Idaho residence

8. Alternative energy devices deduction.

Year Acquired	Type of Device	Total Cost	Percent			
a. 2004		\$	X 40%	=	5a	00
b. 2003		\$	X 20%	=	5b	00
c. 2002		\$	X 20%	=	5c	00
d. 2001		\$	X 20%	=	5d	00

e. Add lines 5a through 5d.

f. Child/dependent care. Attach federal Form 2441 or 1040A, Schedule 2.

FORM 39R INSTRUCTIONS CON'T**LINE 5 ALTERNATIVE ENERGY DEVICE DEDUCTION**

If you install an alternative energy device in your Idaho residence, you may deduct a portion of the amount actually paid or accrued (billed but not paid). Qualifying devices include:

- a system using solar radiation, wind or geothermal resource primarily to provide heating or cooling, or produce electrical power, or any combination
- a fluid-to-air heat pump operating on a fluid reservoir heated by solar radiation or geothermal resource but not an air-to-air heat pump unless it uses geothermal resources as part of the system
- a natural gas or propane heating unit that replaces a noncertified wood stove
- an Environmental Protection Agency (EPA) certified wood stove or pellet stove meeting the most current industry and state standards that replaces a noncertified wood stove

A noncertified wood stove is a wood stove that does not meet the most current EPA standards. The noncertified wood stove must be taken to a site authorized by the Division of Environmental Quality (DEQ) within 30 days from the date of purchase of the qualifying device.

The natural gas or propane heating unit, the EPA-certified wood stove, or pellet stove must be installed the same tax year that the nonqualifying wood stove is turned in to the DEQ.

C. I

In the year the device is placed in service, you can deduct 40% of the cost to construct, reconstruct, remodel, install or acquire the device, but not more than \$5,000.

In the next three years after installation, you can deduct 20% of these costs per year, but not more than \$5,000 in any year.

5. Qualified retirement benefits included in federal income.

6. Enter the smaller of line 4 or 5 here and on line 8, Part B.

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